WWA GROUP INC
Form 10-Q
August 17, 2012
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

*(Mark One)*

þ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended **June 30, 2012**.

o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from

to

.

Commission file number: **000-26927**

**WWA GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

**77-0443643**

(State or other jurisdiction of

(I.R.S. Employer

incorporation or organization)

Identification No.)

**700 Lavaca Street, Suite 1400 Austin, Texas 78701**

(Address of principal executive offices) (Zip Code)

**(480) 505-0070**

(Registrant s telephone number, including area code)

**n/a**

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes þ No o.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company as defined by Rule 12b-2 of the Exchange Act:

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No þ

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date. The number of shares outstanding of the issuer s common stock, $0.001 par value (the only class of voting stock), at August 15, 2012, was 23,841,922.

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**PART I** FINANCIALINFORMATION

**PART I** FINANCIALINFORMATION

**ITEM 1.**

**FINANCIAL STATEMENTS**

As used herein, the terms WWA Group , we, our, and us refer to WWA Group, Inc., a Nevada corporation, unless otherwise indicated. In the opinion of management, the accompanying unaudited financial statements included in this Form 10-Q reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

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**WWA GROUP, INC.**

**Condensed Consolidated Balance Sheets**

**June 30,**

**December 31,**

**Assets**

**2012**

**2011**

**(Unaudited)**

**(Audited)**

Current assets:

Cash

$

2,725

$

49,010

Receivables, net

-

-

Advances to suppliers

-

-

Inventories

-

-

Prepaid expenses

-

32,406

Notes receivable

-

-

Other current assets

10

14,719

Total current assets

2,735

96,136

Property and equipment, net

-

-

Goodwill

-

181,250

Notes receivable

-

-

Investment in related party entity

-

-

Other assets

-

-

Total Assets

$

2,735 $

277,386

**Liabilities and Stockholders' Equity**

Current liabilities:

Accounts payables

$

- $

27,856

Accrued expenses

594

170,563

Line of credit

-

-

Short Term Debt - Notes Payable

-

361,840

Current maturities of long-term debt

-

-

Total current liabilities

594

560,259

Long-term debt

$

- $

-

Total liabilities

594

560,259

Commitments and contingencies

$

- $

-

Stockholders' equity:

Common stock, $0.001 par value, 50,000,000 shares

authorized; 23,841,922 and 22,591,922 shares

Respectively issued and outstanding

23,842

22,592

Additional paid-in capital

4,472,830

4,449,080

Retained earnings

(4,494,531)

(4,650,299)

Non-controlling interest

-

(104,247)

Total stockholders' equity (deficit):

2,141

(282,874)

Total liabilities and stock holders' equity

$

2,735 $

277,386

See accompanying condensed notes to consolidated reviewed financial statements.

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**WWA GROUP, INC.**

**Consolidated Statements of Income**

**Three months ended June 30**

**Six months ended June 30**

**Unaudited**

**Unaudited**

**Unaudited**

**Unaudited**

**2012**

**2011**

**2012**

**2011**

Revenues from commissions and services

$

- $

- $

- $

-

Revenues from sales of equipment

-

-

-

-

Revenues from Ship Charter

-

-

-

-

Total revenues

$

- $

- $

-

$

-

Direct costs - commissions and services

-

-

-

-

Direct costs - sales of equipment

-

-

-

-

Gross profit

$

- $

- $

- $

-

Operating expenses:

General, selling and administrative expenses

41,979

8,853

66,926

14,685

Salaries and wages

-

-

-

-

Selling expenses

-

-

-

-

Depreciation and amortization expense

-

-

-

-

Total operating expenses

$

41,979

$

8,853 $

66,926

$

14,685

(Loss) income from operations

$ (41,979) $

(8,853) $

(66,926) $

(14,685)

Other income (expense):

Interest expense

-

-

-

-

Impairment of Notes receivables

-

-

-

(1,711,003)

Gain (loss) on Equity investment

101,168

(384,850)

105,168

(384,850)

Interest income

-

-

-

-

Other income (expense)

86,565

0

96,565

(2)

Total other income (expense)

187,733

(384,850)

201,733

(2,095,854)

Income before income taxes

145,754

(393,702)

134,807

(2,110,539)

Provision for income taxes

$

- $

- $

- $

-

Net income (loss) from operations

$ 145,754 $ (393,702) $ 134,807 $ (2,110,539)

Basic earnings (loss) per common share

$

0.01 $

(0.02)

$

0.01 $

(0.09)

Diluted earnings per common share

$

- $

-

-

-

Weighted average shares - Basic

23,841,922

22,591,922

23,841,922

22,591,922

Weighted average shares - Diluted

22,921,592

22,591,922

22,756,757

22,591,922

**Net Income (Loss)**

$ 145,754 $ (393,702) $ 134,807 $ (2,110,539)

Other Comprehensive income (loss)

$

- $

- $

- $

-

Total Comprehensive income (loss)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| $ | 145,754 | $ | (393,702) | $ | 134,807 | $ | (2,110,539) |

See accompanying condensed notes to consolidated reviewed financial statements.

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**WWA GROUP, INC.**

**Condensed Consolidated Statements of Cash Flow**

**(Unaudited)**

**Six Months Ended June 30,**

**2012**

**2011**

**Cash flows from operating activities:**

Net income ( loss)

$

134,807 $

(2,110,539)

Adjustments to reconcile net income to net cash

provided by operating activities

Depreciation and amortization

-

-

(Gain) loss on disposition of assets

-

-

(Gain) loss on equity investment

(105,168)

(384,850)

Difference in retained earnings due to non-consolidation of IDVC

20,961

-

Changes in operating assets and liabilities:

Decrease (Increase) in:

Accounts receivable

-

-

Advance to suppliers

-

-

Inventories

-

-

Prepaid expenses

32,406

-

Other current assets

14,709

-

Impairment of notes receivable

-

1,711,003

Increase (decrease) in:

Auction proceeds payable

-

-

Accounts payable

(27,856)

-

Accrued liabilities

(169,969)

21,512

Net cash used in operating activities

(100,110)

(36,199)

**Cash flows from investing activities:**

Purchase of property and equipment

-

-

(Increase) decrease in not receivable

-

33,000

(Increase) decrease in goodwill

181,250

-

(Increase) decrease in non-controlling interest

104,247

-

Proceeds from sale of fixed assets

-

-

Net cash provided by  investing activities

285,497

33,000

**Cash flows from financing activities:**

Increase (decrease) in line of credit

-

-

Payments/Proceeds from short-term notes payable

(361,840)

1,169

Debt settlement by issuance of equity investment

105,168

-

Debt settlement by issuance of common stock

25,000

-

Net cash provided by (used in) financing activities

(231,672)

1,169

Net decrease in cash and cash equivalents

(46,285)

(2,030)

Cash and cash equivalents at beginning of year

49,010

3,835

Cash and cash equivalents at end of period

$

2,725

$

1,805

See accompanying condensed notes to consolidated reviewed financial statements.

**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE A ORGANIZATION AND BASIS OF PRESENTATION**

WWA Group, Inc., ( WWA Group ) operated through October 31, 2010 in Jebel Ali, Dubai, United Arab Emirates (U.A.E) under a trade license from the Jebel Ali Free Zone Authority. Operations consisted of auctioning off used and new heavy construction equipment, transportation equipment and marine equipment, the majority of which on a consignment basis. During the year ended December 31, 2011, subsequent to October 31, 2010 WWA Group s operations primarily consisted of focusing on developing its subsidiary, and assisting in the growth of its investment entity.

On October 31, 2010, WWA Group sold its 100% interest in its wholly owned subsidiaries, World Wide and Crown to Seven International Holdings, Ltd. ( Seven ), a Hong Kong based investment company for an assumption by Seven of all the assets and liabilities of the World Wide subject to certain exceptions. The disposition did not affect WWA Group s interest in Asset Forum, LLC., its ownership of proprietary on-line auction software or its equity interest in Infrastructure Developments Corp. ( Infrastructure ).

On April 14, 2010, Intelspec International, Inc. ( Intelspec ), our former minority owned unconsolidated subsidiary, concluded an agreement with Infrastructure, a publicly traded company, pursuant to which Intelspec became a subsidiary of Infrastructure. WWA Group acquired an approximately 22% interest in Infrastructure as a result of the transaction. In July 2010, WWA Group sold 4,000,000 shares of Infrastructure at a value of $320,000 reducing WWA Group s investment to 17.75%. Further on November 21, 2011 WWA Group acquired 165,699,842 shares of common stock of Infrastructure on conversion of WWA Group s convertible promissory note. On December 31, 2011 WWA Group owned 63.38% of Infrastructure making it a controlling shareholder of Infrastructure causing Infrastructure s financials to be consolidated with those of WWA Group, Inc. However, as of June 30, 2012 WWA Group s shareholding in Infrastructure has decreased to 29.62% due to certain debt settlements amounting to a disposition of an aggregate of 67,509,667 IDVC shares. Since WWA Group is no longer a controlling shareholder it no longer consolidates its accounts with that of Infrastructure as of June 30, 2012.

WWA Group includes the accounts of its subsidiary, Asset Forum LLC.

The consolidated financial statements present the financial position, results of operation, changes in stockholder s equity and cash flows of WWA Group and its subsidiaries. All significant inter-company balances and transactions have been eliminated.

**NOTE B GOING CONCERN**

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liabilities in the normal course of business. Accordingly, they do not include any adjustments relating to the realization of the carrying value of assets or the amounts and classification of liabilities that might be necessary should WWA Group be unable to continue as a going concern. WWA Group has accumulated losses and working capital and cash flows from operations are negative which raises doubt as to the validity of the going concern assumptions. These financials do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate; such adjustments could be material.

**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of WWA Group and its subsidiaries is presented to assist in understanding WWA Group s financial statements. The financial statements and notes are representations of WWA Group s management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

*Basis of Presentation*

The consolidated financial statements present the financial position, results of operation, changes in stockholder s equity and cash flows of WWA Group and its subsidiaries. All significant inter-company balances and transactions have been eliminated. Investments in entities in which WWA Group can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for using the equity method and are included as investments in equity interests on the consolidated balance sheets. Effective July 1, 2009, WWA Group adopted the Accounting Standards Codification (the Codification ), as issued by the FASB. The Codification became the single source of authoritative generally accepted accounting principles ( GAAP ) in the U.S.

*Cash and Cash Equivalents*

WWA Group considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

As of June 30, 2012, there were no cash and cash equivalents held with a bank as compensating balance against borrowing arrangements.

*Concentration of Credit Risk*

WWA Group s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, and investments. WWA Group s cash and cash equivalents are maintained with high-quality international banks and financial institutions. WWA Group believes no significant concentration of credit risk exists with respect to these cash investments.

WWA Group routinely assesses the financial strength of its customers and provides an allowance for doubtful accounts as necessary. Credit losses have been minimal to date.

*Accounts Receivable and Allowance for Doubtful Accounts*

WWA Group grants credit terms in the normal course of business to its customers. Accounts receivables are stated at the amount management expects to collect from outstanding balances after discounts and bad debts, taking into account credit worthiness of customers and history of collection.

The allowance for doubtful accounts is based on specifically identified amounts that management believes to be uncollectible. If actual collections experience changes, revisions to the allowance may be required. No allowance for doubtful accounts is provided as company is collecting amount without default.

**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Inventory*

Inventories consist of equipment to be sold in auctions and otherwise, stated at the lower of cost or market. The cost is determined by specific identification method. Cost includes purchase price, freight, insurance, duties and other incidental expenses incurred in bringing inventories to their present location and condition. WWA Group records a reserve if the fair value of inventory is determined to be less than the cost.

*Property and Equipment*

Property and equipment are stated at cost less depreciation and provision for impairment where appropriate. Depreciation expense is computed using the straight-line method over estimated useful lives of three to five years except for the vessel in which case the estimated useful life is twenty years. Gains and losses on depreciable assets retired or sold are recognized in the statement of operations in the year of disposal. All repair and maintenance costs are expensed as incurred.

*Impairment of Long-Lived Assets*

WWA Group reviews long-lived assets such as property, equipment, investments and definite-lived intangibles for impairment annually and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. As required by Statement FASB Accounting Standard Codification 360, WWA Group uses an estimate of the future undiscounted net cash flows of the related asset or group of assets over their remaining economic useful lives in measuring whether the assets are recoverable. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the estimated fair value of the asset. Impairment of long-lived assets is assessed at the lowest levels for which there are identifiable cash flows that are independent of other groups of assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less the estimated costs to sell. In addition, depreciation of the asset ceases. During the six months period ended June 30, 2012, no significant impairment of long-lived assets was recorded.

*Investment in Equity Interest*

WWA Group has approximately a 29.62% shareholding in its equity investment in Infrastructure as of June 30, 2012. During the year ended December 31, 2010 the company had maintained the accounts under the equity method of accounting whereby WWA Group recorded its proportionate share of the net income or loss of the equity interest up to June 30, 2010. On November 21, 2011WWA Group converted its Notes Receivable into an equity investment and received 165,699,842 shares increasing its interest to a 63% interest in Infrastructure. Since WWA Group became a majority share holder of Infrastructure as of November 21, 20111 it consolidated its financials with those of Infrastructure as of December 31, 2011 and March 31, 2012. As of June 30 2012 WWA Group no longer consolidates its accounts with those of Infrastructure due the decrease in its interest and the full impairment of its remaining equity investment in Infrastructure.

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**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Investment in Related Party*

WWA Group did not have any investment in related party as of June 30, 2012. Until October 31, 2010 WWA Group accounted for its equity investment in a foreign affiliate using the fair value measurement principles. WWA Group reviews its investments annually for impairment and records permanent impairments as a loss on the income statement.

*Revenue Recognition*

Revenues from commissions and services consist of revenues earned in WWA Group s capacity as agent for consignors of equipment, incidental interest income, internet and proxy purchase fees, and handling fees on the sale of certain lots. All commission revenue is recognized when the auction sale is complete, the equipment is delivered to the buyer, and WWA Group has determined that the auction proceeds are collectible. Revenues from sales of equipment originate from the auctioned sale of equipment inventory owned by WWA Group. WWA Group recognizes the revenue from such sales when the auction has been completed, the equipment has been delivered to the purchaser, and collectability is reasonably assured. All costs of goods sold are accounted for under direct costs.

Revenues from sales of equipment originate from the auctioned and private sale of equipment inventory owned by the Company. WWA Group recognizes the revenue from such sales when the sale has been invoiced, the equipment has been delivered to the purchaser, and collectability is reasonably assured. All costs of goods sold are accounted for under direct costs

*Income Taxes*

Deferred income taxes are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. WWA

Group records a valuation allowance against particular deferred income tax assets if it is more likely than not that those assets will not be realized. The provision for income taxes comprises WWA Group s current tax liability and change in deferred income tax assets and liabilities.

Significant judgment is required in evaluating WWA Group s uncertain tax positions and determining its provision for income taxes. WWA Group establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when WWA Group believes that certain positions might be challenged despite its belief that its tax return positions are in accordance with applicable tax laws. WWA Group adjusts these reserves in light of changing facts and circumstances, such as the closing of a tax audit, new tax legislation, or the change of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the effect of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest and penalties.



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**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Share-Based Compensation*

For stock-based awards granted on or after January 1, 2006, WWA Group records stock-based compensation expense based on the grant date fair value, estimated in accordance with the provisions of ASC 718 and ASC 505-50.

Under the 2006 Benefit Plan of WWA Group, Inc., WWA Group may issue stock, or grant options to acquire, up to 2,500,000 shares of WWA Group's common stock to employees or other individuals including consultants or advisors, who render services to WWA Group or our subsidiaries. As of December 31, 2011 1,250,000 registered securities remained available for issuance or grant under the Plan. On June 6, 2012 WWA Group authorized and approved the issuance of remaining 1,250,000 common shares available pursuant to the Plan valued at $0.02 a share.

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*Foreign Exchange*

WWA Group s reporting currency is the United States dollar. WWA Group s functional currency is also the U.S. Dollar. ( USD ) Transactions denominated in foreign currencies are translated into USD and recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into USD at the foreign exchange rates prevailing at the balance sheet date. Realized and unrealized foreign exchange differences arising on translation are recognized in the income statement.

**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fair Value Measurements*

Effective July 1, 2008, WWA Group adopted new fair value accounting guidance. The adoption of the guidance was applied to long-lived assets such as property, equipment, investments and definite-lived intangibles. The guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, WWA Group considers the principal or most advantageous market in which WWA Group would transact business and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. The guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The guidance establishes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs to the valuation methodology those are significant to the measurement of fair value of assets or liabilities.

All of WWA Group s available-for-sale investments and non-marketable equity securities are subject to a periodic impairment review. Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. This determination requires significant judgment. For publicly traded investments, impairment is determined based upon the specific facts and circumstances present at the time, including a review of the closing price over the previous six months, general market conditions and WWA Group s intent and ability to hold the investment for a period of time sufficient to allow for recovery. For non-marketable equity securities, the impairment analysis requires the identification of events or circumstances that would likely have a significant adverse effect on the fair value of the investment, including revenue and earnings trends, overall business prospects and general market conditions in the investees industry or geographic area. Investments identified as having an indicator of impairment are subject to further analysis to determine if the investment is other-than-temporarily impaired, in which case the investment is written down to its impaired value.

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**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Income per Common Share*

The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year, plus the common stock equivalents that would arise from the exercise of stock options and warrants outstanding, using the treasury stock method and the average market price per share during the year. As of June 30, 2012 there were no outstanding common stock equivalents.

*Use of Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles in United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Recent accounting pronouncements*

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-11, Disclosures about Offsetting Assets and Liabilities , which will require disclosures for entities with financial instruments and derivatives that are either offset on the balance sheet in accordance with ASC 210-20-45 or ASC 815-10-45, or are subject to a master netting arrangement. ASU No. 2011-11 is effective for interim and annual periods beginning on or after January 1, 2013. WWA Group currently evaluating the impact of the adoption of ASU 2011-11 on its financial position, results of operations, and disclosures.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income, Presentation of Comprehensive Income and in December 2011, the FASB issued ASU No. 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items out of Accumulated Other comprehensive Income in ASU 2011-05 to increase the prominence of items reported in other comprehensive income. Specifically, the new guidance allows an entity to present components of net income or other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. The new guidance eliminates the current option to report other comprehensive income and its components in the consolidated statement of shareholders' equity. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. We adopted this guidance on January 1, 2012 and have presented a new financial statement titled Condensed Consolidated Statement of Comprehensive Income for the six month periods ending June 30, 2012 and April 2, 2011.



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**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE D INVESTMENTS**

***Investment in Equity Interest***

In December 2006, WWA Group acquired a 32.5% interest in Power Track Projects, FZE ( PTP ) for a consideration of $1,786,000. PTP is a Dubai, UAE entity which operates a rock crushing and stone quarry in Ras Al Khaimah, UAE. The ownership interest was increased to approximately 35% in 2007. In October 2008, WWA Group s shares of PTP were exchanged for shares of Intelspec International, Inc ( Intelspec ). The exchange resulted in the WWA Group s ownership of 32% of Intelspec. In December 2009, Intelspec raised additional equity financing through issuance of stock thus resulting in a reduction of WWA Group s ownership interest to 30%. In April 2010 Intelspec was acquired by Infrastructure, setting WWA Group s ownership interest in Infrastructure at 22%. In July 2010, WWA Group sold 4 million shares of Infrastructure at a value of $320,000 reducing WWA Group s investment to 17.75%.

As of December 31, 2009 WWA Group owned a 30% equity interest in Intelspec International, Inc. WWA Group accounted for its interest in Intelspec using the equity method of accounting whereby WWA Group recorded its proportionate share of the net income or loss attributable to the equity interest. In April 2010 Intelspec was acquired by Infrastructure, a publicly traded company, which acquisition reduced WWA Group's equity interest to 24%. In July 2010, WWA Group sold shares of its common stock in a private transaction, further reducing WWA Group s ownership interest to 18%.

On November 21, 2011 WWA Group converted its Notes Receivable due from Infrastructure to equity as a result of which as of December 31, 2011 WWA Group owned approximately 63% of the common stock of Infrastructure. Since WWA Group became the majority shareholder of Infrastructure as of November 21, 2011 its financials as of December 31, 2011 and March 31, 2012 were consolidated with those of WWA Group Inc for reporting purposes.

On June 30, 2012 WWA Group divested itself of 67,509,667 shares of Infrastructure in a series of debt settlement agreements, which settlements decreased WWA Group s equity interest in Infrastructure to 29.62%.

**NOTE E SHORT TERM** BORROWINGS AND LINES OF CREDIT

WWA Group has no short term borrowings from unrelated entities as of June 30, 2012

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**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE F STOCK OPTIONS**

Under FASB Accounting Standard Codification 718, WWA Group estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model. There were no grants of stock awards during 2011 and in 2010. WWA Group recorded no expense for 2011 an 2010 for the fair value of the stock options granted.

The following weighted average assumptions were used for grants made during the year ended December 31, 2008:

Dividend yield of zero percent for all periods; expected volatility of 58.20% and 63.76%; risk-free interest rates of 2.24% and 3.94% and expected lives of 1.0 and 2.0, respectively.

A summary of the status of WWA Group's stock options as of December 31, 2010 and changes during the years ended December 31, 2011 and 2010 is presented below:

Weighted

Weighted

Number of

Average

Average

Options

Exercise

Grant Date

Price

Fair Value

Outstanding December 31,

2007

576,973

$ 1.00

$ 0.23

Granted

100,000

$ 0.36

$ 0.17

Expired

-

$ 0.00

$ 0.00

Exercised

-

$ 0.00

$ 0.00

Outstanding December 31,

676,973

$ 0.36

$ 0.17

2008

Exercisable

676,973

$ 0.36

$ 0.17

Granted

-

$ 0.00

$ 0.00

Exercised

-

$ 0.00

$ 0.00

Expired

(676,973)

$ 0.36

$ 0.17

Outstanding December 31,

2009 & 2010 and 2011

-

$ 0.00

$ 0.00

**NOTE G RELATED PARTY TRANSACTIONS**

As of June 30, 2012 WWA Group has no related party investments.

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**WWA GROUP, INC**

**NOTES TO** CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**(Unaudited)**

**June 30, 2012**

**NOTE H COMMITMENTS AND CONTINGENCIES**

Contingencies

WWA Group may become or is subject to investigations, claims or lawsuits ensuing out of the conduct of its business. WWA Group is currently not aware of any s